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## Urban and Industrial Site Reinvestment Tax Credit

### Description

A tax credit is available to be applied against any combination of the taxes imposed under Chapters 207, 208, 208a, 209, 210, 211, 211b, 212, 212a, or Section 38a-743 of the Connecticut General Statutes for **investments in eligible industrial site investment projects or eligible urban reinvestment projects**. This credit is administered by the Department of Economic and Community Development (DECD).

The Commissioner of DECD may register managers of funds and community development entities created for the purpose of investing in eligible urban reinvestment projects and eligible industrial site investment projects. Any fund manager or community development entity will have its primary place of business in Connecticut. Any fund manager registered under the Insurance Reinvestment Fund Tax Credit on or before July 1, 2000, will be eligible to serve as a fund manager for purposes of this credit.

No taxpayer will be eligible for this tax credit and the tax credit for manufacturing and service facilities or the insurance reinvestment fund tax credit for the same investment. No two taxpayers will be eligible for any tax credit with respect to the same investment or the same project costs.

### Definitions

**Investment** means all amounts invested in an eligible **project** by or on behalf of a taxpayer whether directly, through a fund, or through a community development entity, including but not limited to equity investments made by the taxpayer and loans.

**Project** means the acquisition, leasing, demolition, remediation, construction, renovation, expansion or other development, or redevelopment of real property and improvements within Connecticut, including furniture, fixtures, equipment, associated interest and financing costs, relocation costs, start-up costs, architectural, engineering, legal and other professional services, plans, specifications, surveys, permits, and studies necessary to the project.

**Eligible industrial site investment project** means a project located in Connecticut for the development or redevelopment of real property:

- That has been subject to a **spill**, as defined in Conn. Gen. Stat. §22a-452c, is an **establishment**, as defined in Conn. Gen. Stat. §22a-134(3), as amended, or is a **facility**, as defined in 42 USC §9601(9);
- That, if remediated, renovated, or demolished in accordance with applicable law and regulations and the standards of remediation of the Department of Environmental Protection and used for business purposes will add significant new economic activity and employment in the municipality in which the investment is to be made and will generate additional tax revenues to Connecticut;
- For which the use of the urban and industrial site reinvestment program will be necessary to attract private investment to the project;
- The business use of which would be economically viable and would generate direct and indirect economic benefits to Connecticut that exceed the amount of the investment during the period for which the tax credits are granted; **and**
- That is, in the judgment of the commissioner of DECD, consistent with the strategic economic development priorities of the state and the municipality.

**Eligible urban reinvestment project** means a project:

- That would add significant new economic activity and new jobs in a new facility in the eligible municipality in which the project is located and will generate significant additional tax revenues to the state or the municipality;
- For which the use of the urban and industrial site reinvestment program will be necessary to attract private investment to an eligible municipality;
- That is economically viable;
- For which the direct and indirect economic benefits to the state outweigh the costs of the project; **and**
- That is, in the judgment of the Commissioner of DECD, consistent with the strategic economic development priorities of the state and the municipality.

### How to Apply

Any taxpayer, fund manager, or community development entity wishing to make an investment may call DECD at 860-270-8045 and request the Urban and Industrial Site Reinvestment Program pre-application.

Upon review of the completed pre-application, a DECD staff representative will contact the taxpayer, fund manager, or community development entity to discuss the program further and to explain the formal application process. The completion of the pre-application does not constitute a formal application for the tax credit.

Once a formal application is approved, the Commissioner of DECD will issue a certificate of eligibility certifying that the applicant has complied with the provisions of this credit.

The credit may be claimed by a taxpayer who has made an investment:

- Directly of at least \$5 million in a qualified urban or industrial site project;
- Directly of at least \$50 million in a municipality approved by the Commissioner of DECD;
- Through a DECD approved fund manager with a fund that has a total asset value of at least \$60 million for the income year in which the initial credit is taken and not less than three investors who are not related persons; or
- Through a DECD approved community development entity.

### Assignment

Any taxpayer allowed an urban and industrial reinvestment tax credit (assignor) may assign the credit to another taxpayer or taxpayers (assignees). Assignees of the tax credit must claim the tax credit in the same tax year that the assignor would have been eligible to claim the credit. An assignee may not further assign the credit.

### How to Claim the Credit

Complete **Form CT-UISR, Urban and Industrial Site Reinvestment Tax Credit**, and attach it to **Form CT-1120K, Business Tax Credit Summary**.

### Credit Percentage

The tax credit is allowable over ten years as follows:

- The income year in which the investment was made and the two succeeding income years, 0%;
- The third full income year following the year in which the investment was made and the three succeeding income years, 10%; and
- The seventh full income year following the year in which the investment was made and the two succeeding income years, 20%.

### Carryforward/Carryback Limitations

The tax credit may be carried forward for the five immediately succeeding income years until the full tax credit has been taken. No carryback is allowed. An assignee is entitled to carryforward any unused tax credit as provided in the statute.

### Recapture Provision

No later than July 1 in each year that tax credits are claimed, the Commissioner of DECD may conduct a study to estimate the state revenue generated by the eligible project in which the investment is made. If the sum of all state revenue actually generated by the project is less than the amount of the total sum of tax credits claimed on the date of the analysis, the Commissioner of DECD may determine an applicable recapture amount and may revoke the certificate of eligibility.

Any taxpayer that has claimed credits related to a project for which the Commissioner of DECD has revoked the certificate of eligibility will be required to recapture its pro-rata share of the recapture amount, and no subsequent credit will be allowed unless the certificate of eligibility is reinstated. The amount of the credit that the taxpayer is required to recapture varies depending upon the year in which the tax credit is required to be recaptured as follows:

Year	Percentage
Year 4	90%
Year 5	65%
Year 6	50%
Year 7	30%
Year 8	20%
Years 9-10	10%

The Commissioner of the Department of Revenue Services may recapture the credit first from any taxpayer who claimed the credit, then from any taxpayer who assigned the credit, and finally, from any fund through which the investment was made.

## **Where to Get Additional Information**

Direct inquiries to:

*Department of Economic  
and Community Development  
505 Hudson Street  
Hartford CT 06106-7107  
860-270-8045  
[www.ct.gov/ecd](http://www.ct.gov/ecd)*

## **References**

Conn. Gen. Stat. §32-9t